



FACILITIES OPTIMIZATION PROCESS

“Streamlining The Process”



Optimization



Optimization is the process of conducting facility assessments in concert with the Services to develop best fit solutions which will help to efficiently operate and maintain petroleum storage and distribution systems for which the Defense Logistics Agency (DLA) has Sustainment, Restoration and Modernization (SRM) responsibility.



Background



- In the late 80's early 90's efforts focused on reduction of DoD-owned fuel infrastructure.
- In 1996, DOD MILCON funding constraints resulted in OSD direction to DESC & the Services to seek alternatives for Government-owned infrastructure.
- More Recently, DoD Directives (DoDDs) have focused on DOD components to examine their fuel operations with a view towards using commercial infrastructure & minimizing DOD investment.



Policy



- **DoD Directive 4140.25, DoD Management Policy for Energy Commodities and Related Services states:**
 - Military Services shall seek to minimize Government-owned fuel infrastructure to the maximum extent possible through use of commercial assets and privatization, except those systems needed for unique security reasons or when privatization is uneconomical.
- **DoD Directive 5101.8, DOD Executive Agent for Bulk Petroleum Designates:**
 - Director, Defense Logistics Agency as the executive agent for bulk petroleum for Department of Defense with authority to re-delegate to Defense Energy Support Center IAW DoD Directive 5101.1 (DoD Executive Agent)
- **DoD 4140.25-M, CHAPTER 8, paragraph E(1), Management of Storage and Distribution Facilities States:**
 - At request of the Service, DESC will consider conversion of a Service GOGO to a DESC-funded GOCO if economic benefit to DoD
- **COCO Authority is 10 USC 2388**



Agencies



- **Defense Logistics Agency**
- **Defense Energy Support Center**
 - **DESC-F/FE/FI/FL/FQ/FP**
 - **DESC-G**
 - **DESC-R**
 - **DESC-AE/AW**
- **Service Control Points (SCPs)**
 - **Army Petroleum Center**
 - **Air Force Petroleum Center**
 - **Naval Operational Logistics Support Center, Petroleum**



Optimization Initiatives



- **GOGO - Government-owned and Government-operated facilities. (Status Quo)**
- **GOCO - Government owned facilities with Contractor providing service and preventive maintenance to operate those facilities. (Outsourcing)**
- **COCO - Contractor-owned and Contractor-operated. (Privatization)**



Optimization Benefits (Privatization)



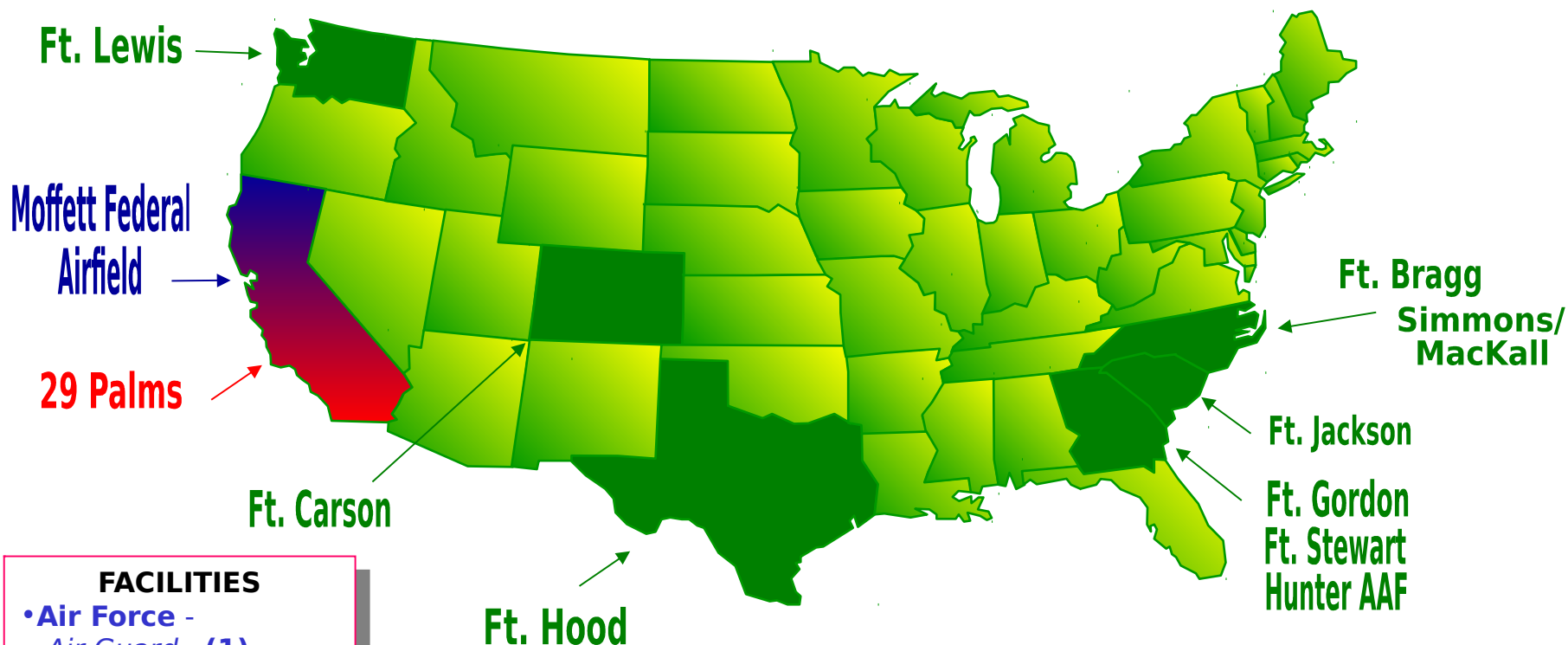
- **Private investment “capital” utilized**
- **Modern & more efficient facilities are provided in near term**
- **Reduced environmental liability**
- **Military manpower made available for more critical war fighting roles**
- **Overall savings to DoD**



Current Optimized Conus Facilities



DEFENSE ENERGY SUPPORT CENTER

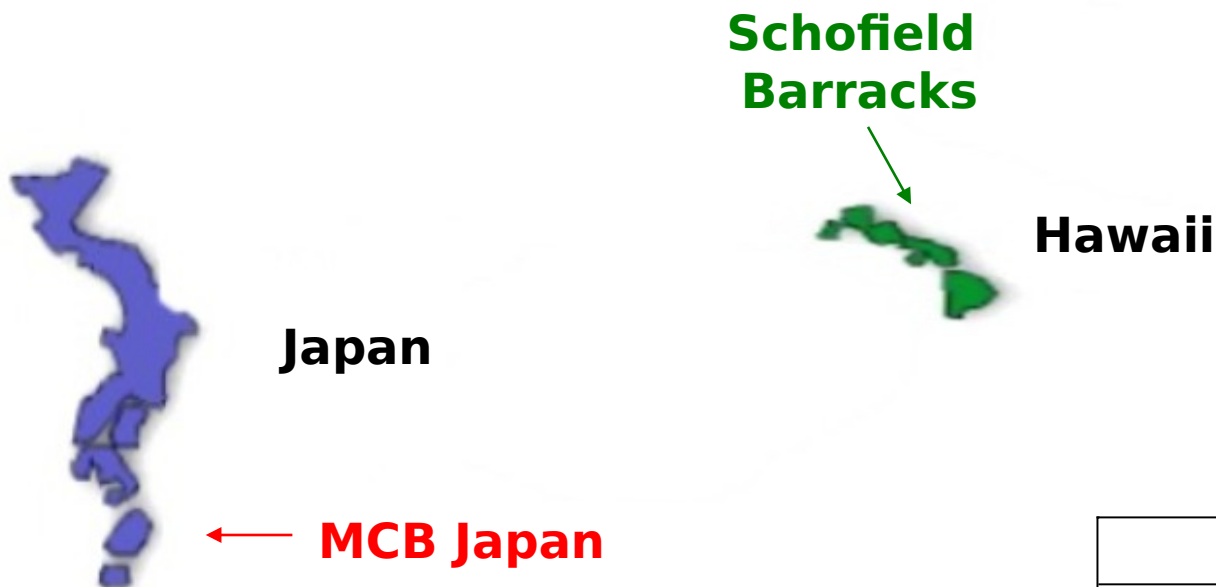


FACILITIES

- **Air Force** -
Air Guard (1)
- **Army** - (9)
Army Guard
- **Marine Corps** - (1)
Marine Reserves
- **Navy** - (0)
Navy Reserves



Current Optimized OConus Facilities

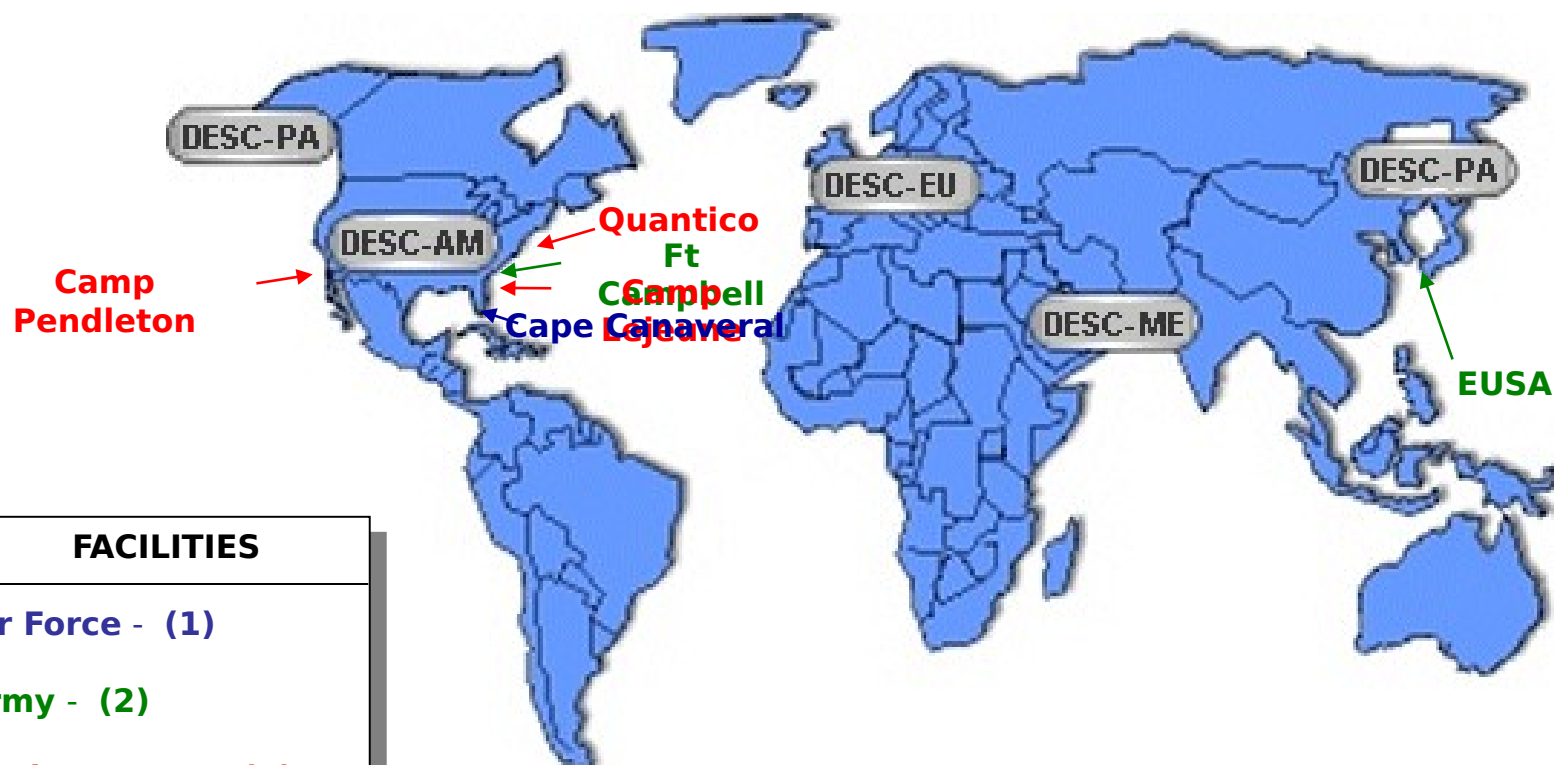


FACILITIES

- Air Force - (0)
- Army - (1)
- Marine Corps - (1)
- Navy -(0)



Ongoing/Projected Optimization



FACILITIES

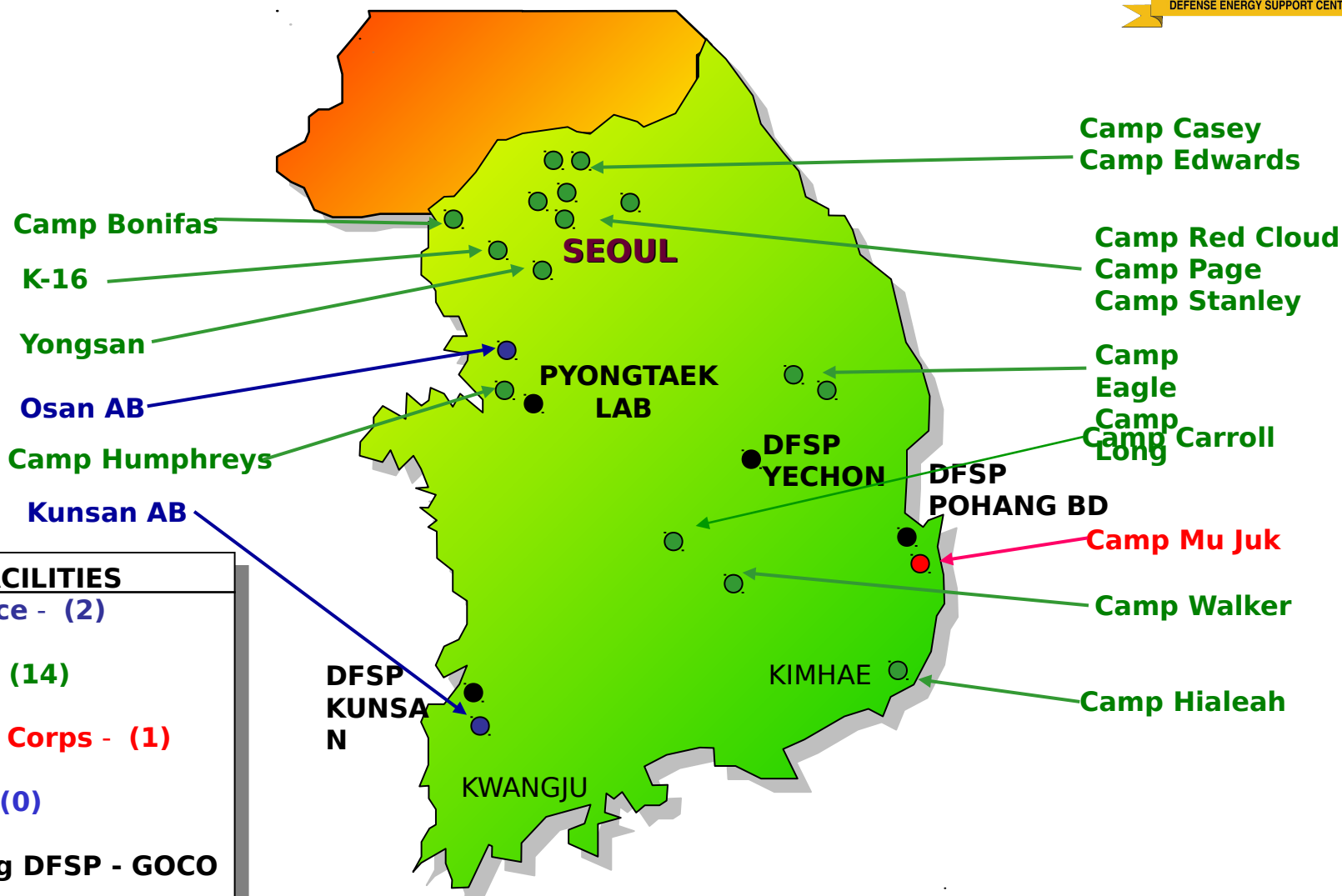
- Air Force - (1)
- Army - (2)
- Marine Corps - (3)
- Navy - (0)



Projected Optimization



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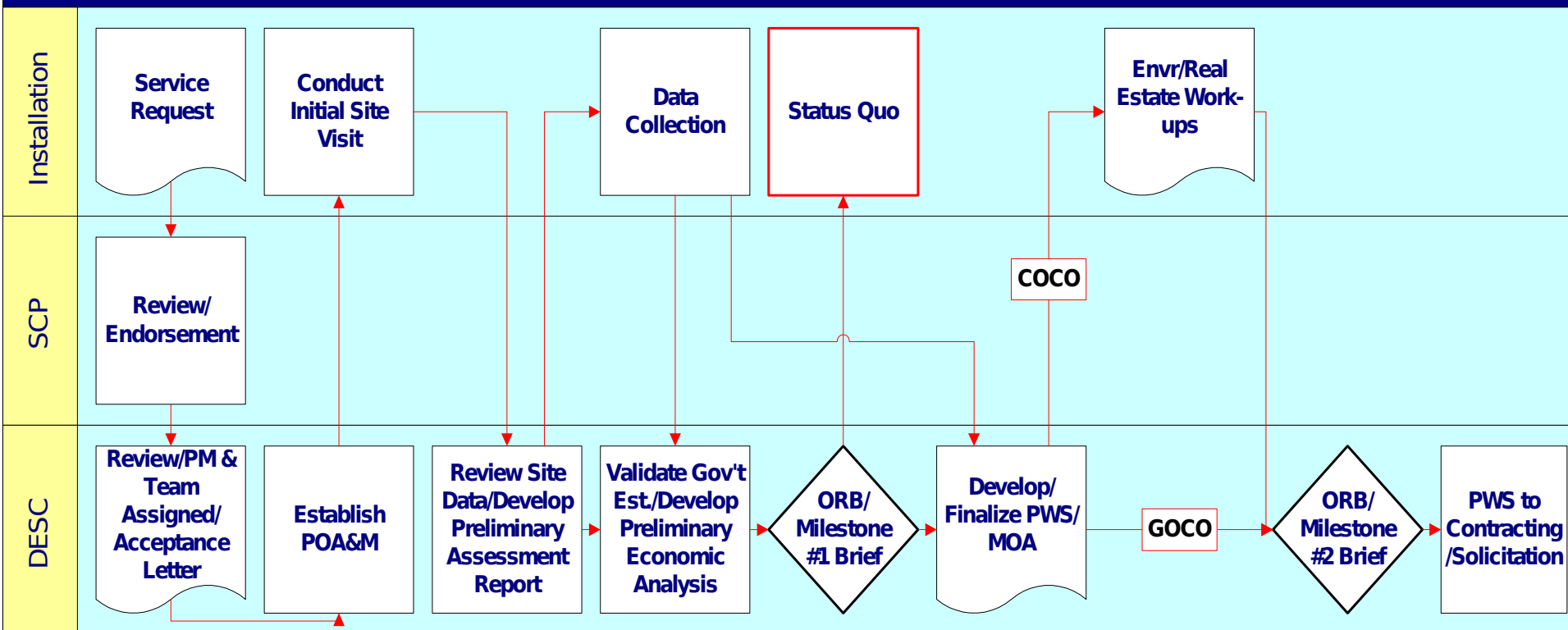




Current Process Flow



Current Optimization Process



AVERAGE TIMELINE 1-2 YEARS OR LONGER

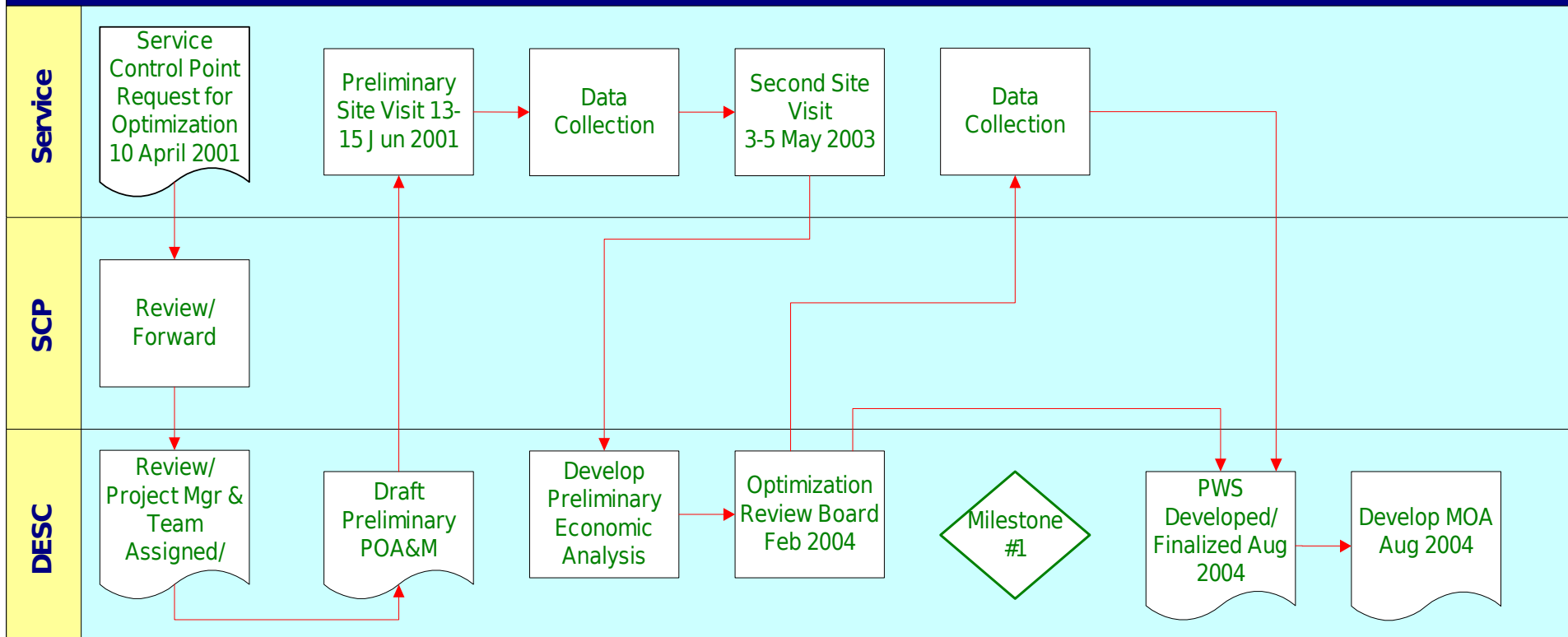


Historical Timeline



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Fort Campbell, Kentucky



AVERAGE TIMELINE 1-2 YEARS OR LONGER

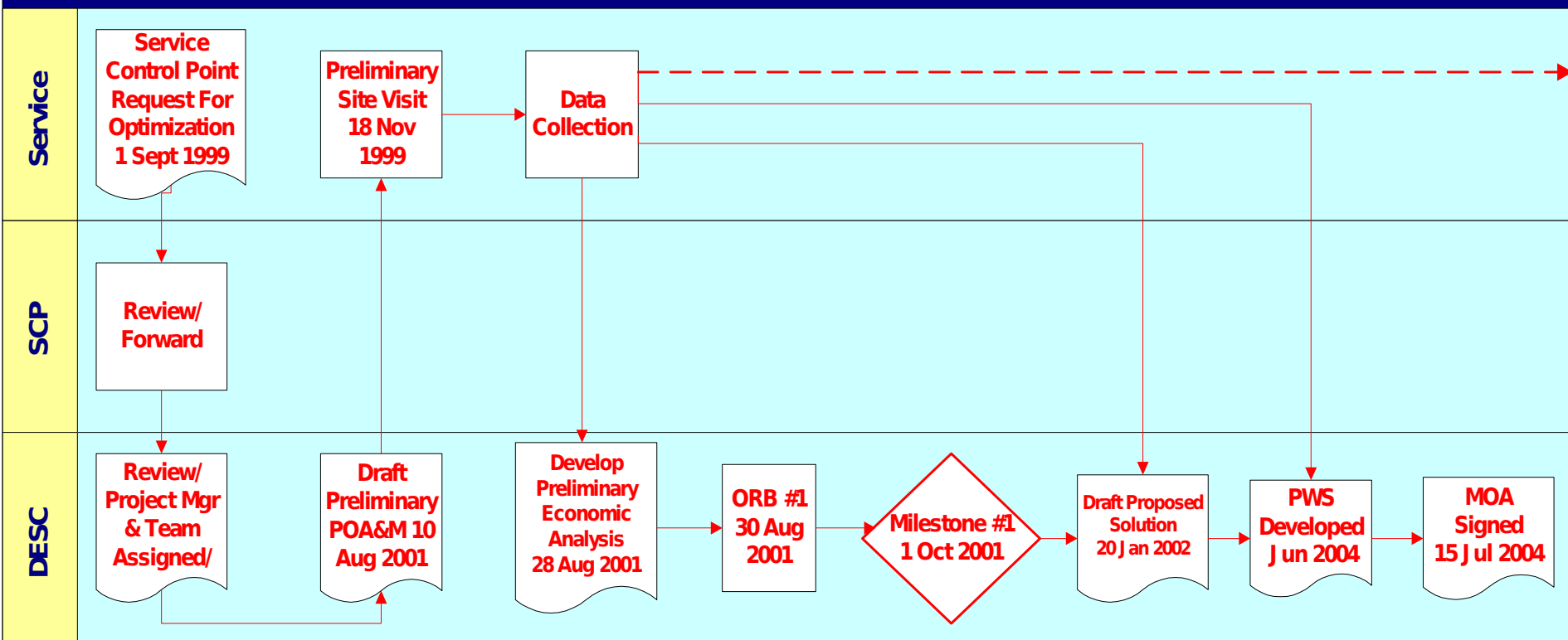


Historical Timeline



DEFENSE ENERGY SUPPORT CENTER

MCB Camp Pendleton, California



AVERAGE TIMELINE 1-2 YEARS OR LONGER

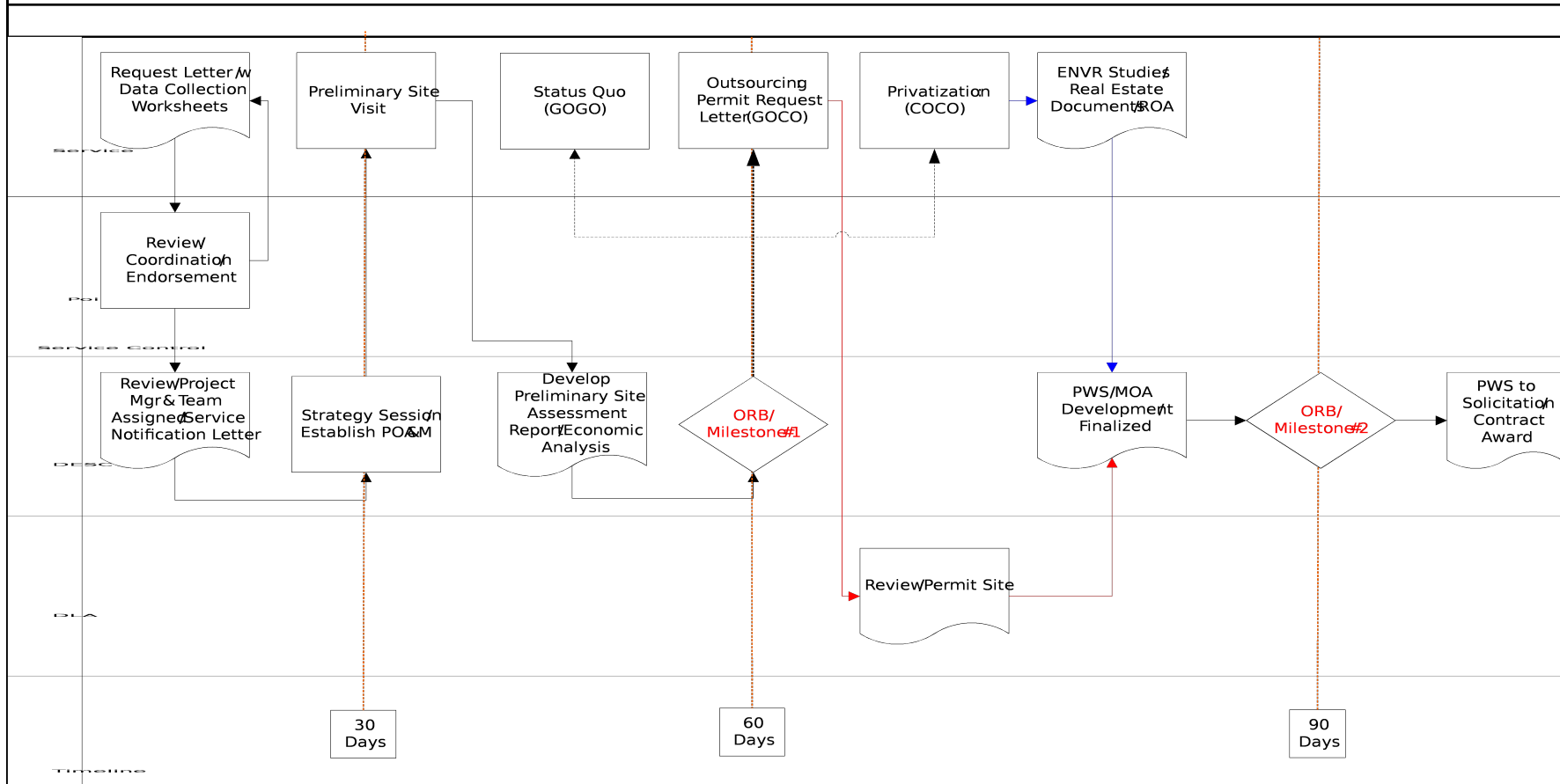


Streamlined Process Flow



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Streamlined Process



Note: All processes remain the same post PWS submission.



Optimization (Product Receipt and Storage)

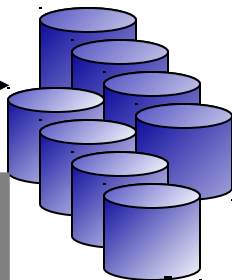


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PRODUCT RECEIPT MODES

- Receipt Modes

- Pier
- Pipeline
- Tank Truck
- Tank Car



BULK STORAGE

- Capitalized Facility

- Ownership (Service) - GOCO
- Tanks
- Ancillary Items / Environmental
- Responsible for MR&E
- Service Defines Requirement / Utilization

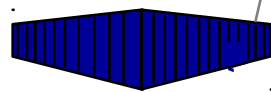
LAB

- GOCO /COCO Lab
- Equipment
- Building
- Product Testing & Quality Control

PUMP HOUSE

PRODUCT TRANSFER P/L

FACILITY BORDER



OPERATIONS

ENVIRONMENTAL / COMPLIANCE / PERMITS

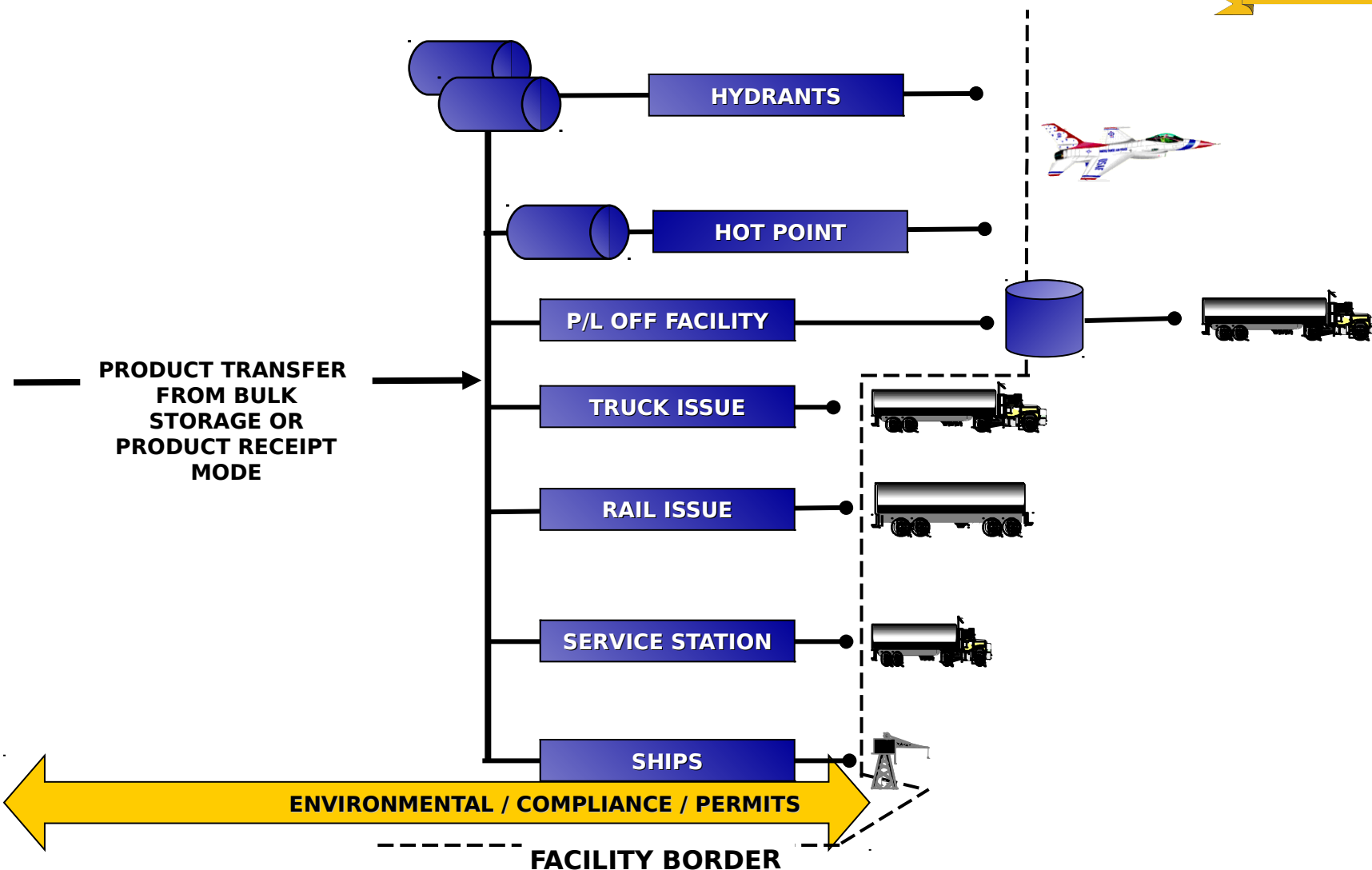
GOCO OR COCO RESPONSIBILITY SHIFTS FROM THE SERVICE TO THE CONTRACTOR



Optimization (Product Distribution Modes)



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Elements of Optimization



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Innovation



Savings



Partnership



Excellence





Summary



- **The Optimization Program is a cooperative effort between DESC, Services and Installations to ensure efficient use of DoD funds for fuel facility replacement, maintenance/upgrade, operation and management.**
- **DESC's approach is to provide optimal customer support through a cost-effective review.**



Questions / Comments